

REAL ESTATE MARKET

TBILISI SNAPSHOT

4 | November-December 2016

Market Highlights

REM lab (Real Estate Market Laboratory)



ISET



Real Estate Index (REI) is an index, which represents real value of the real estate. Whenever we observe real estate prices, the first thing we look at is average price per square meter. However, average price can increase, if the sales of better quality properties (more flats in central districts or renovation, etc.) increases, which does not mean that real estate prices went up generally. We need Real Estate Index to track pure price changes. REI excludes `QUALITY EFFECT` and observes how the price of given property changes compared to the base period (April 2015).

Types of REI are Sale Price Index (SPI) & Rent Price Index (RPI).

ABBREVIATIONS USED

ASP	Average Sale Price per sq.m.
ARP	Average Rent Price per sq.m.
SPI	Sale Price Index
RPI	Rent Price Index
MoM	Month-over-Month Change
YoY	Year-over-Year Change
X-RATE	Exchange Rate
TBS	Tbilisi City
GEO	Georgia
RP	Residential Property
CP	Commercial Property
NAPR	National Agency of Public Registry
TCH MDS	Tbilisi City Hall, Municipal Department for Supervision

X-RATE USD | GEL MONTHLY TREND, 2015-2016

M-Y	USD GEL	MoM (%)	YoY (%)
DEC-15	2.3992	-0.1%	27.3%
JAN-16	2.4360	1.5%	25.5%
FEB-16	2.4829	1.9%	19.0%
MAR-16	2.3894	-3.8%	9.0%
APR-16	2.2652	-5.2%	0.3%
MAY-16	2.1860	-3.5%	-5.9%
JUN-16	2.1877	0.1%	-3.3%
JUL-16	2.3367	6.8%	3.6%
AUG-16	2.3187	-0.8%	-0.1%
SEP-16	2.3113	-0.3%	-3.6%
OCT-16	2.3599	2.1%	-1.4%
NOV-16	2.4758	4.9%	3.1%
DEC-16	2.6511	7.1%	10.5%

Source: NBG 2017

REAL PROPERTY SALES

HIGHLIGHTS

In 2016, GEO real property market grew substantially. With a total of 89 120 transactions, the market this year surpassed 2015 by 20.2%. The highest number of sales was registered in AUG-16 & DEC-16, with 8 076 and 8 099 units respectively.

Throughout 2016, TBS remained on the top (+37.5% YoY) of GEO real property market with 38.6% share in total sale. Busiest months of the year were SEP-16 & DEC-16, with 3 331 and 3 593 sales respectively.

TBS market was followed by Kakheti with 12.0% and Ajara with 9.6% share in total sales. Overall the market outside TBS grew by 11.3%.

In 2016, TBS market was dominated again by Vake (+60.0% YoY) and Saburtalo (+41.1% YoY) districts.

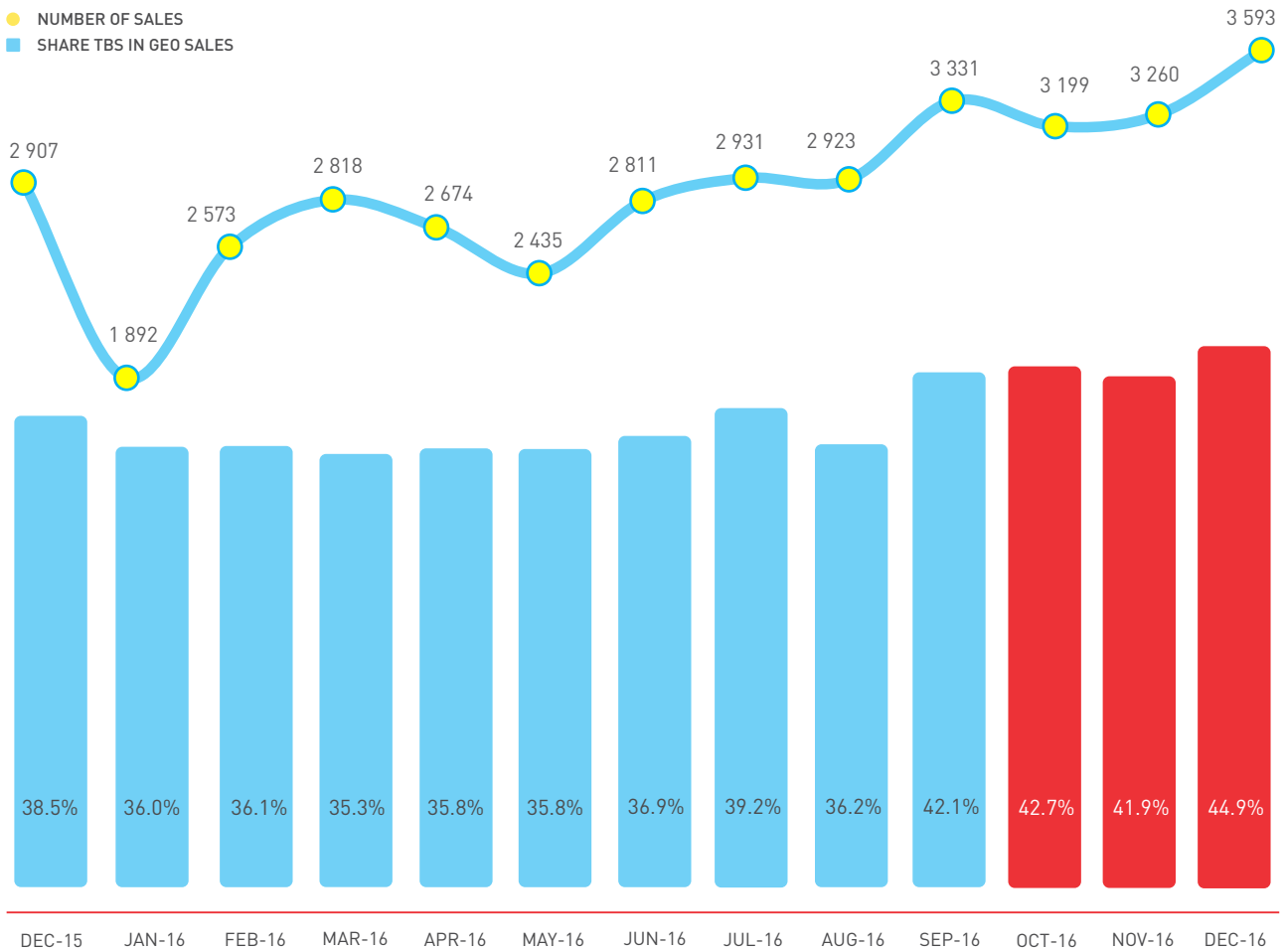
For 2016, TOP 3 regions by sales in GEO were:

- TBS (34 440 units, 38.6%)
- Kakheti (10 666 units, 12.0%)
- Ajara (8 551 units, 9.6%)

For 2016, TOP 3 districts by sales in TBS were:

- Vake (6 892 units, 20.0%)
- Saburtalo (5 909 units, 17.2%)
- Samgori (3 748 units, 10.9%)

SALES TREND REAL PROPERTY... TBS & GEO MONTHLY TREND, 2015-2016



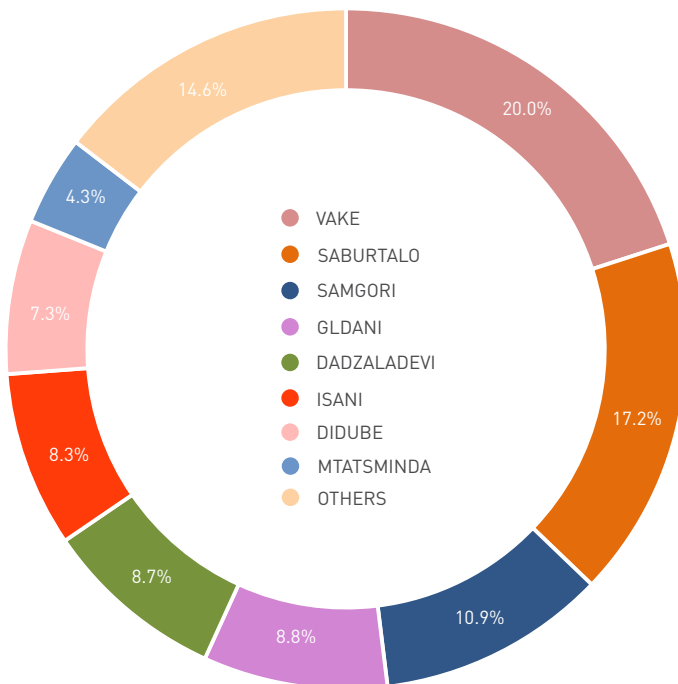
Source: NAPR 2017

**SALES TREND
REAL PROPERTY... TBS & GEO
MONTHLY TREND, 2015-2016**

M-Y	TBS (UNIT)	MoM (%)	GEO (UNIT)	MoM (%)
DEC-15	2 907	33.0%	7 547	21.9%
JAN-16	1 892	-34.9%	5 262	-30.3%
FEB-16	2 573	36.0%	7 135	35.6%
MAR-16	2 818	9.5%	7 981	11.9%
APR-16	2 674	-5.1%	7 468	-6.4%
MAY-16	2 435	-8.9%	6 806	-8.9%
JUN-16	2 811	15.4%	7 620	12.0%
JUL-16	2 931	4.3%	7 483	-1.8%
AUG-16	2 923	-0.3%	8 076	7.9%
SEP-16	3 331	14.0%	7 909	-2.1%
OCT-16	3 199	-4.0%	7 496	-5.2%
NOV-16	3 260	1.9%	7 785	3.9%
DEC-16	3 593	10.2%	8 099	4.0%

Source: NAPR 2017

**REAL PROPERTY SALES
TBS DISTRICTS, 2016**



Source: NAPR 2017

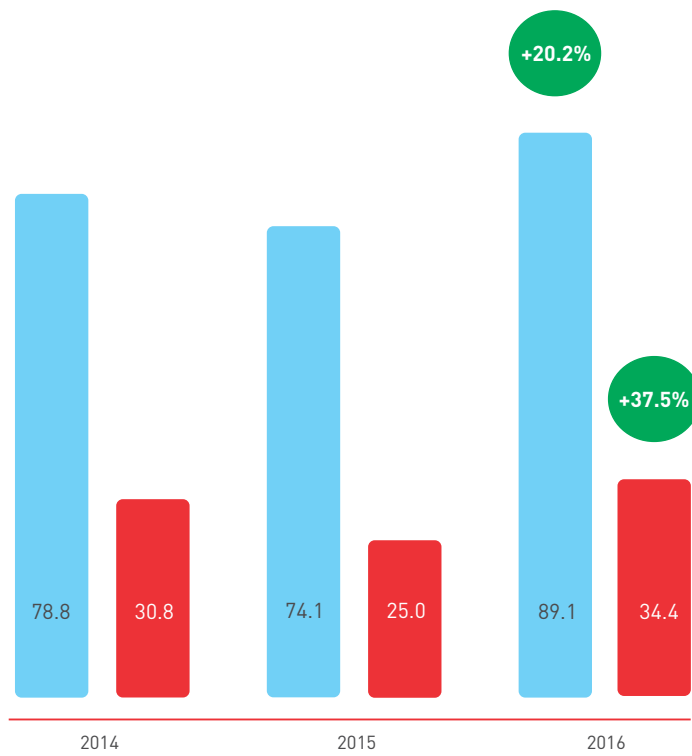
**SALES TREND
REAL PROPERTY... GEO REGIONS
2016**

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	34 440	38.6%	37.5%
KAKHETI	10 666	12.0%	21.5%
AJARA	8 551	9.6%	19.9%
KVEMO KARTLI	8 344	9.4%	5.0%
IMERETI	6 627	7.4%	-4.2%
SHIDA KARTLI	4 923	5.5%	5.6%
MTSKHETA-MTIANETI	4 557	5.1%	13.9%
SAMEGRELO-ZEMO SVANETI	4 123	4.6%	-1.7%
SAMTSKHE-JAVAKHETI	3 536	4.0%	32.0%
GURIA	2 846	3.2%	19.5%
RACHA-LECHKHUMI & KVEMO SVANETI	507	0.6%	24.3%
GEO, TOTAL	89 120	100%	20.2%

Source: NAPR 2017

**SALES TREND
REAL PROPERTY... TBS & GEO
2014-2016**

- GEO (1000 UNITS)
- TBS (1000 UNITS)



Source: NAPR 2017

REAL PROPERTY SUPPLY

HIGHLIGHTS

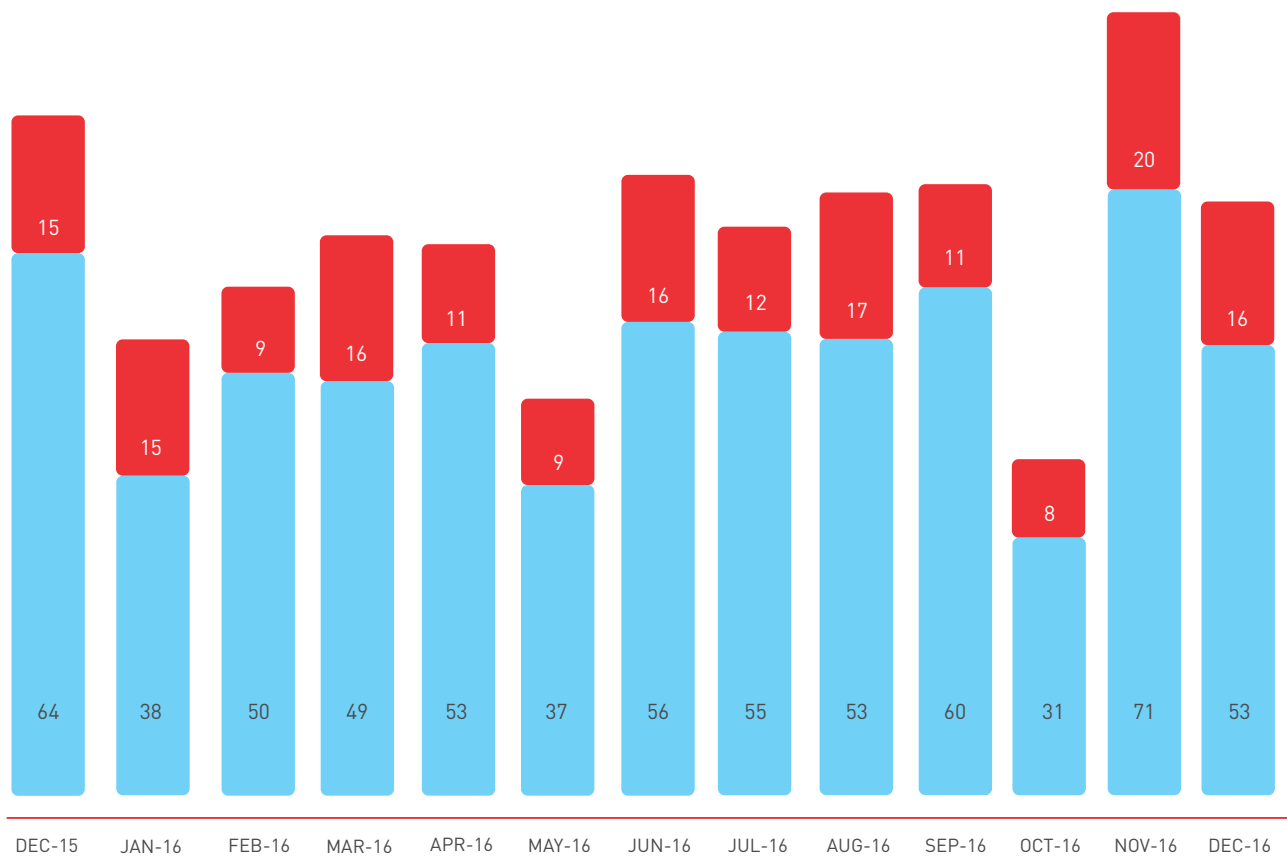
604 new residential buildings with total area of 1.16 million sq.m & 161 new commercial buildings with total area of 0.28 million sq.m have been supplied to the real property market in 2016.

Residential real property supply grew by 54.3% (YoY, by units) & 86.8% (YoY, by area) so did supply of commercial real property (+12.2% YoY, by units and +12.5% YoY, by area).

An increasing trend in the supply of new real property indicates a recovery from market slowdown in 2015 and creates downward pressure on real property prices.

SUPPLY TREND NEW REAL PROPERTY NUMBER... TBS MONTHLY TREND, 2015-2016

- RP NUMBER (UNIT)
- CP NUMBER (UNIT)



Source: TCHIMDS 2017

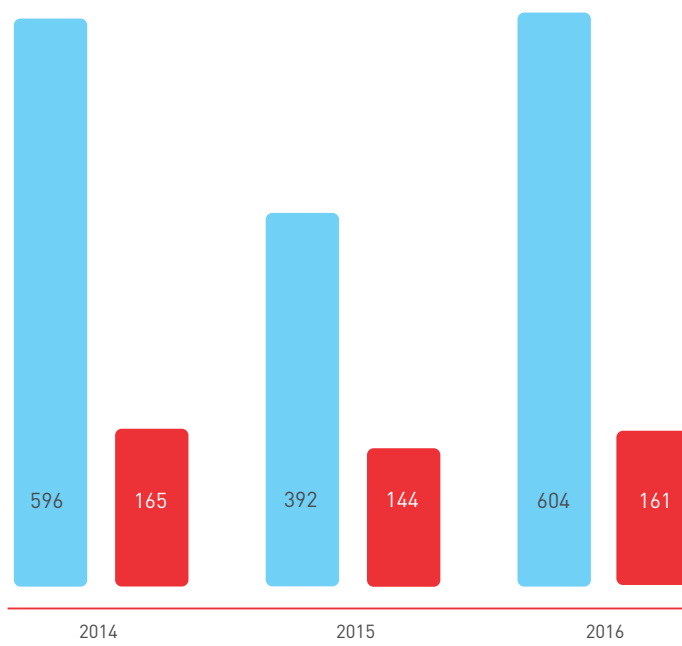
SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
MONTHLY TREND, 2015-2016

M-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)	MoM (%)
DEC-15	64	15	79	27.4%
JAN-16	38	15	53	-32.9%
FEB-16	50	9	59	11.3%
MAR-16	49	16	65	10.2%
APR-16	53	11	64	-1.5%
MAY-16	37	9	46	-28.1%
JUN-16	56	16	72	56.5%
JUL-16	55	12	66	-8.3%
AUG-16	53	17	70	6.1%
SEP-16	60	11	71	1.4%
OCT-16	31	8	39	-45.1%
NOV-16	71	20	91	133.3%
DEC-16	53	16	69	-24.2%

Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
ANNUAL TREND, 2014-2016

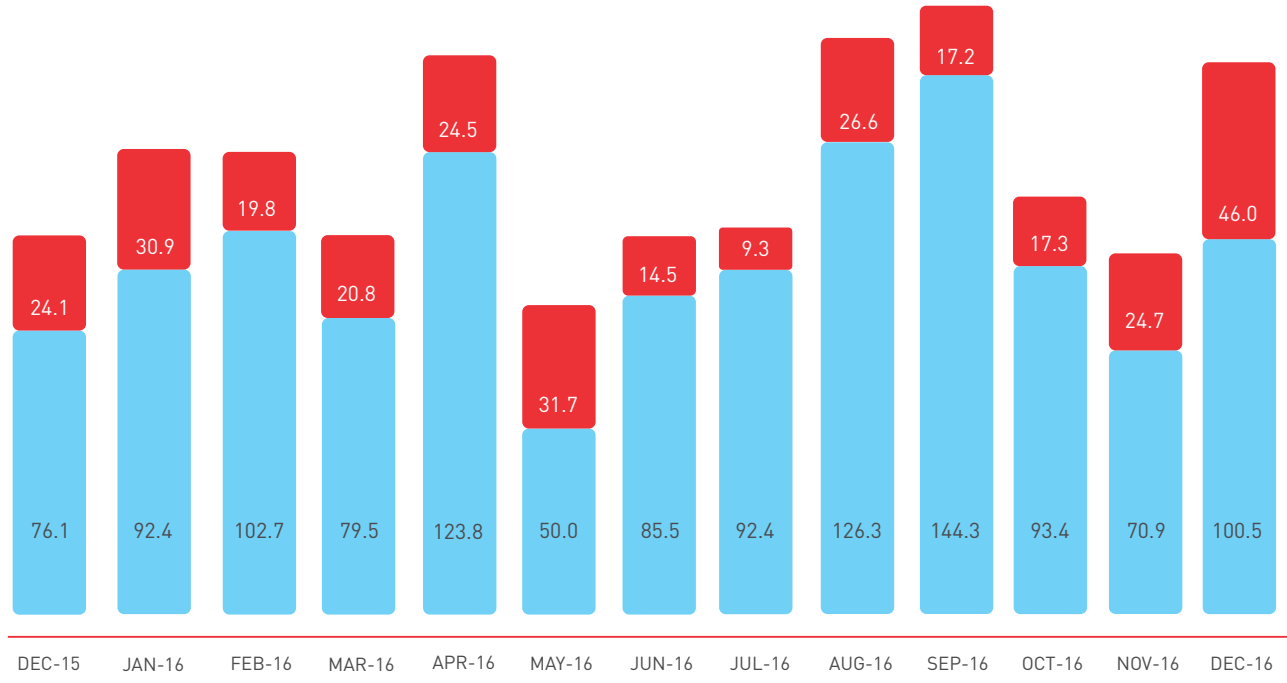
- RP (UNITS)
- CP (UNITS)



Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
MONTHLY TREND, 2015-2016

● RP (1000 SQ.M)
 ● CP (1000 SQ.M)



Source: TCHIMDS 2017

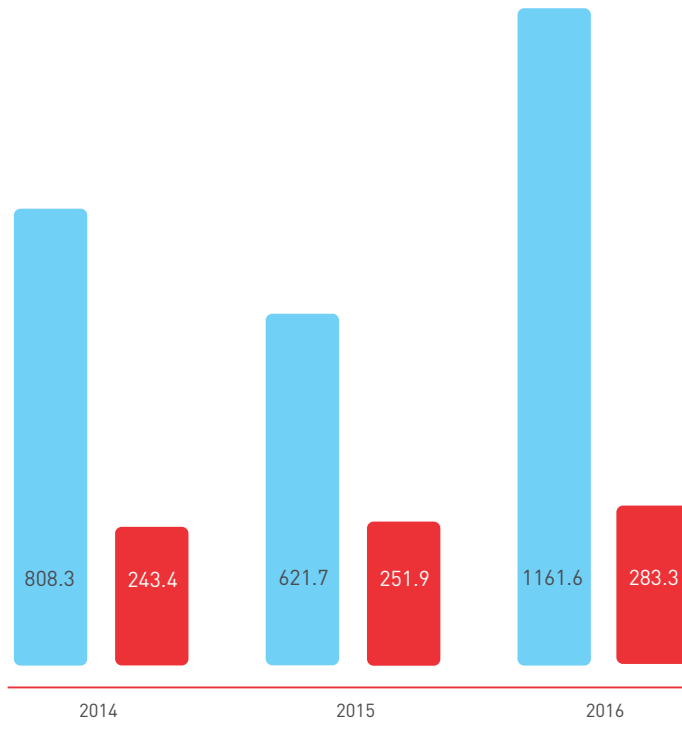
SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
MONTHLY TREND, 2015-2016

M-Y	RP (1000 SQ.M)	CP (1000 SQ.M)	ALL (1000 SQ.M)	MoM (%)
DEC-15	76.1	24.1	100.2	20.8%
JAN-16	92.4	30.9	123.3	23.1%
FEB-16	102.7	19.8	122.5	-0.7%
MAR-16	79.5	20.8	100.3	-18.1%
APR-16	123.8	24.5	148.3	47.8%
MAY-16	50.0	31.7	81.7	-44.9%
JUN-16	85.5	14.5	100.0	22.4%
JUL-16	92.4	9.3	101.7	1.7%
AUG-16	126.3	26.6	152.9	50.3%
SEP-16	144.3	17.2	161.5	5.6%
OCT-16	93.4	17.3	110.7	-31.5%
NOV-16	70.9	24.7	95.6	-13.7%
DEC-16	100.5	46.0	146.5	53.3%

Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
ANNUAL TREND, 2014-2016

- RP (1000 SQ.M)
- CP (1000 SQ.M)



Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY NUMBER & AREA... TBS
ANNUAL TREND, 2014-2016

Y	NUMBER (UNIT)	YoY (%)	AREA (1000 SQ.M)	YoY (%)
2014	761	...	1 051.7	...
2015	536	-29.6%	873.6	-16.9%
2016	765	42.7%	1 444.9	65.4%

Source: TCHIMDS 2017

RESIDENTIAL PROPERTY PRICES

HIGHLIGHTS

SPI & RPI for residential properties remained relatively stable throughout 2016, continuously lagging behind SPI & RPI for 2015: 1.014 DEC - 1.053 FEB (SPI) & 0.865 MAY - 1.011 DEC (RPI).

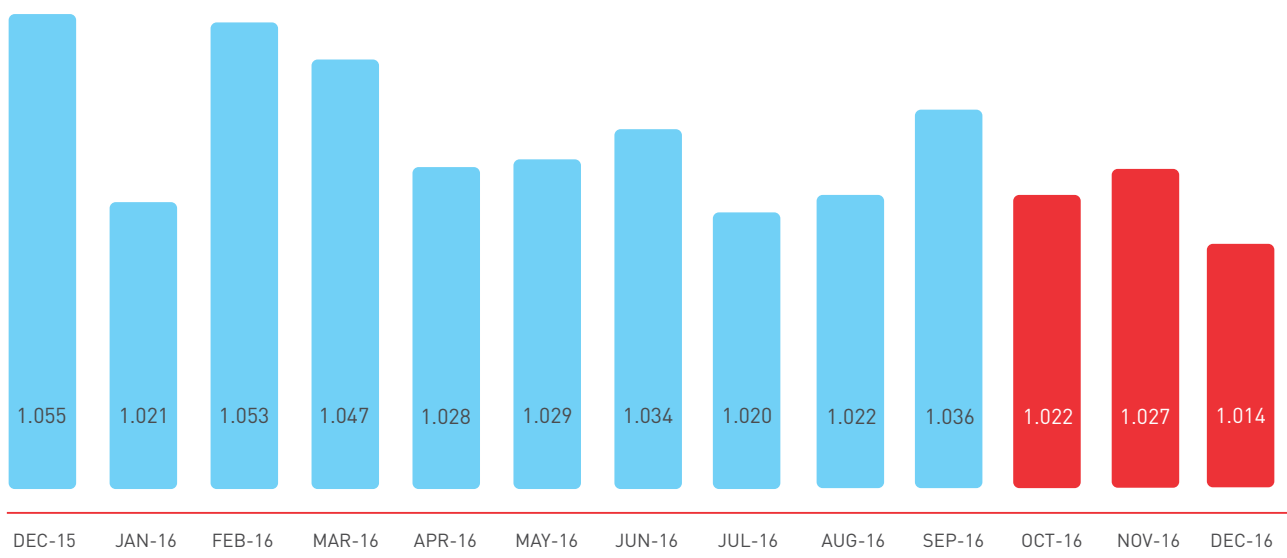
In DEC-16, SPI declined by 3.8% (YoY) and 1.2% (MoM), while RPI rose by 6.4% (MoM) and 2.1% (YoY).

During 2016, ASP varied between 836 USD - 891 USD per sq.m and ARP - between 6.74 USD - 7.53 USD per sq.m.

In 2016, ASP in TBS stood at USD 866 (-3.8% to DEC-15) per sq.m and ARP - USD 7.20 (-6.0% to DEC-15) per sq.m.

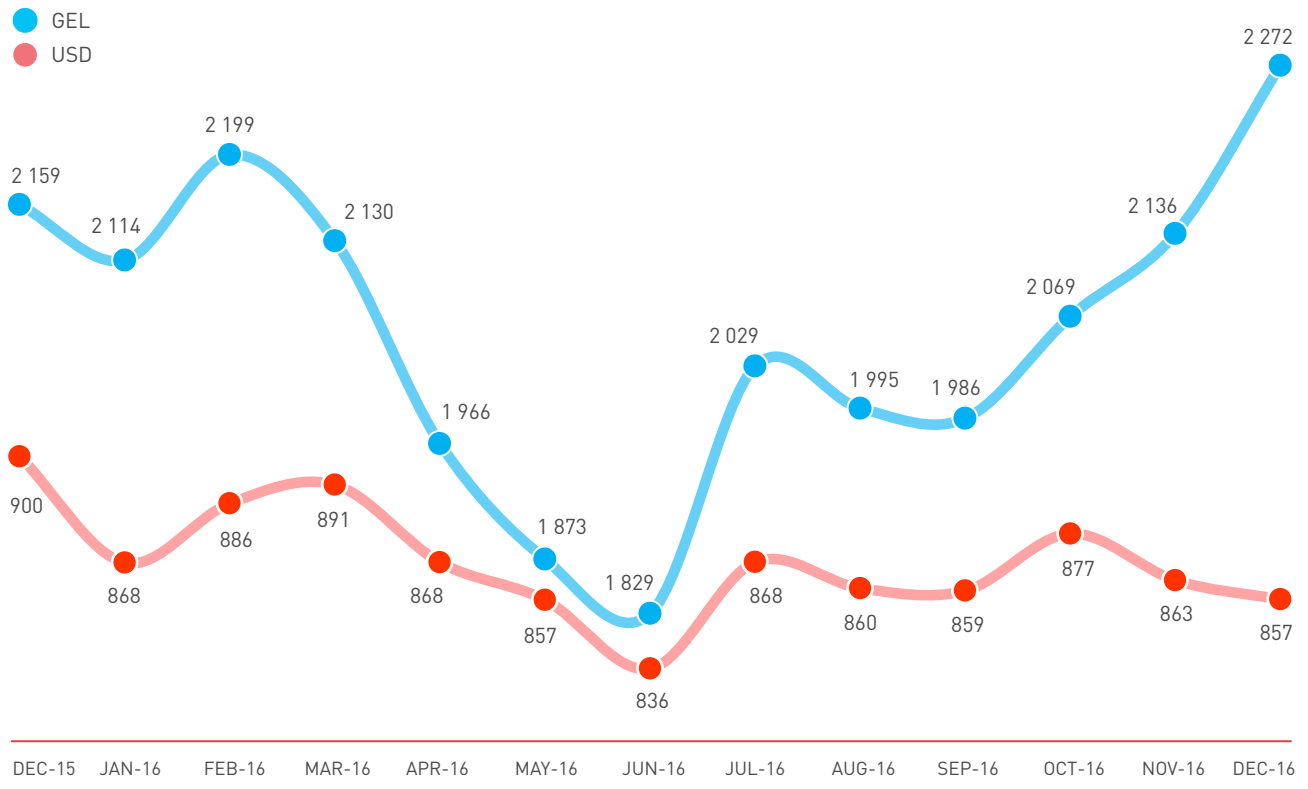
In 2016, the most expensive and cheapest districts of TBS were
 by ASP: Mtatsminda (USD 1 033) and Samgori (USD 547)
 by ARP: Mtatsminda (USD 8.37) and Gldani (USD 4.52)

**SPI
 RESIDENTIAL PROPERTY... TBS
 MONTHLY TREND, 2015-2016**



Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016**



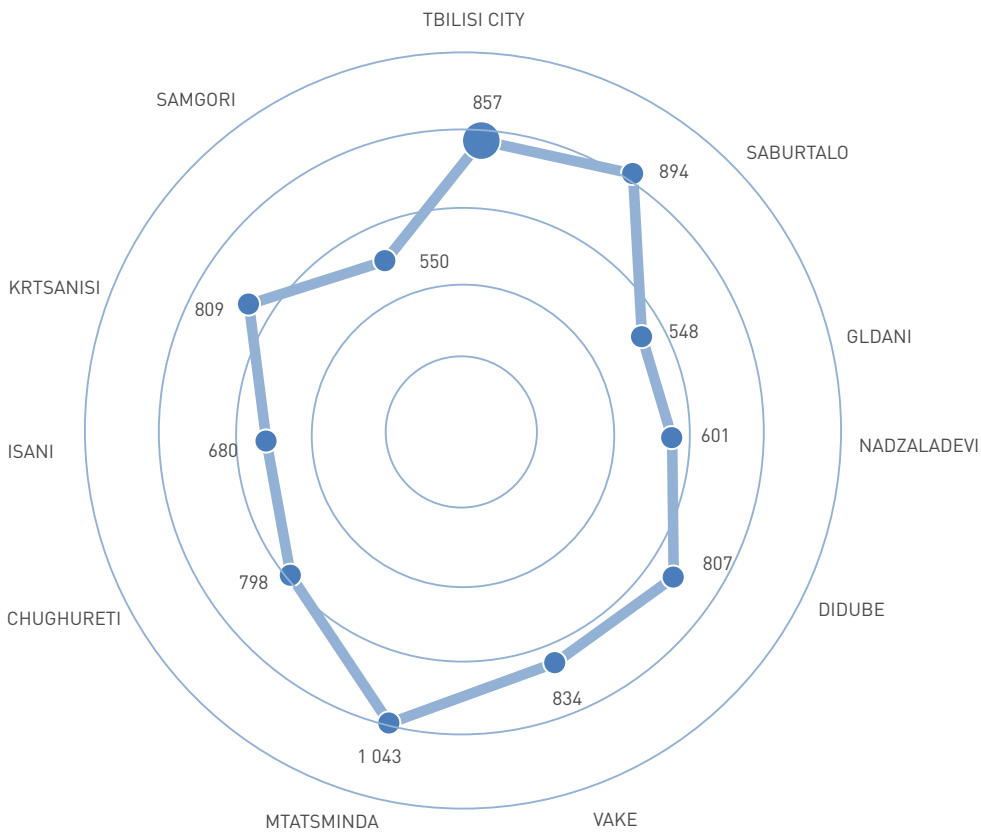
Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
DEC-15	900	3.6%	-0.5%	2 159	3.5%	26.7%
JAN-16	868	-3.6%	2.5%	2 114	-2.1%	28.7%
FEB-16	886	2.1%	0.0%	2 199	4.0%	18.9%
MAR-16	891	0.6%	5.9%	2 130	-3.2%	15.4%
APR-16	868	-2.6%	1.2%	1 966	-7.7%	1.6%
MAY-16	857	-1.3%	-2.8%	1 873	-4.7%	-8.5%
JUN-16	836	-2.4%	-5.3%	1 829	-2.3%	-8.4%
JUL-16	868	3.8%	-1.8%	2 029	10.9%	1.7%
AUG-16	860	-0.9%	2.9%	1 995	-1.7%	2.8%
SEP-16	859	-0.1%	-0.3%	1 986	-0.4%	-3.9%
OCT-16	877	2.0%	0.1%	2 069	4.1%	-1.2%
NOV-16	863	-1.6%	-0.7%	2 136	3.2%	2.4%
DEC-16	857	-0.7%	-4.8%	2 272	6.4%	5.2%

Source: REM lab 2017

**ASP (USD)
RESIDENTIAL PROPERTY... TBS & DISTRICTS
DECEMBER, 2016**



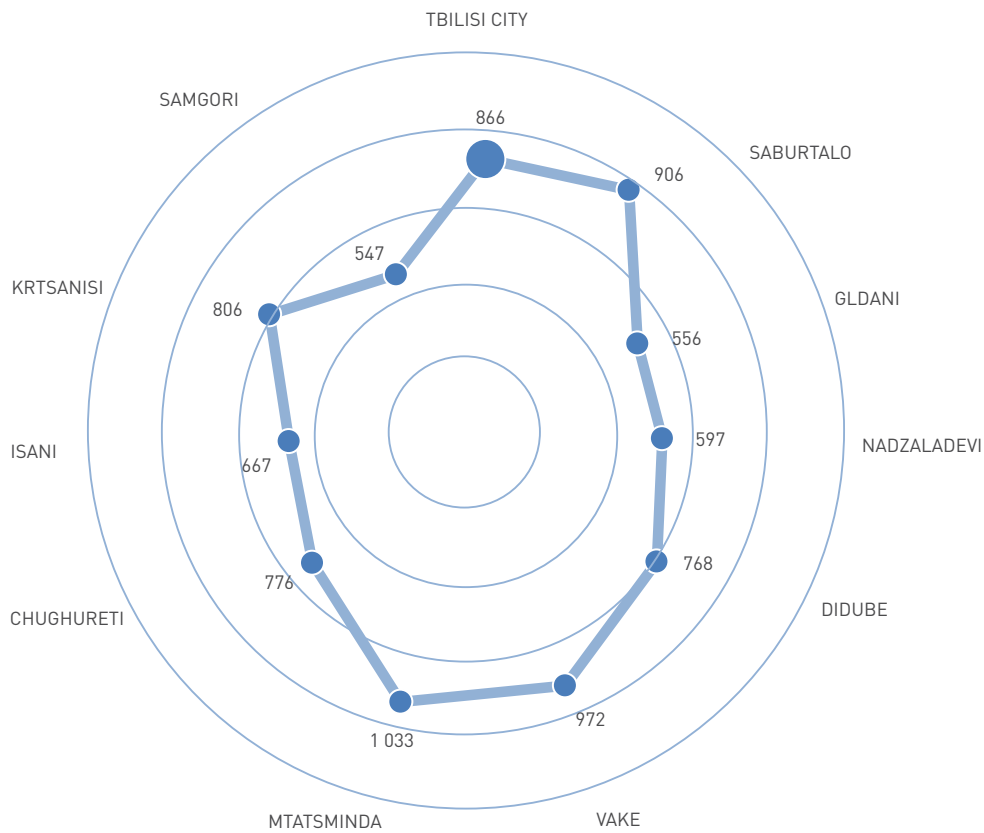
Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
DECEMBER, 2016**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	894	2 370
GLDANI	548	1 452
NADZALADEVI	601	1 594
DIDUBE	807	2 139
VAKE	834	2 211
MTATSMINDA	1 043	2 766
CHUGHURETI	798	2 114
ISANI	680	1 804
KRTSANISI	809	2 144
SAMGORI	550	1 457
TBS	857	2 272

Source: REM lab 2017

**ASP (USD)
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AVERAGE MONTH, 2016**



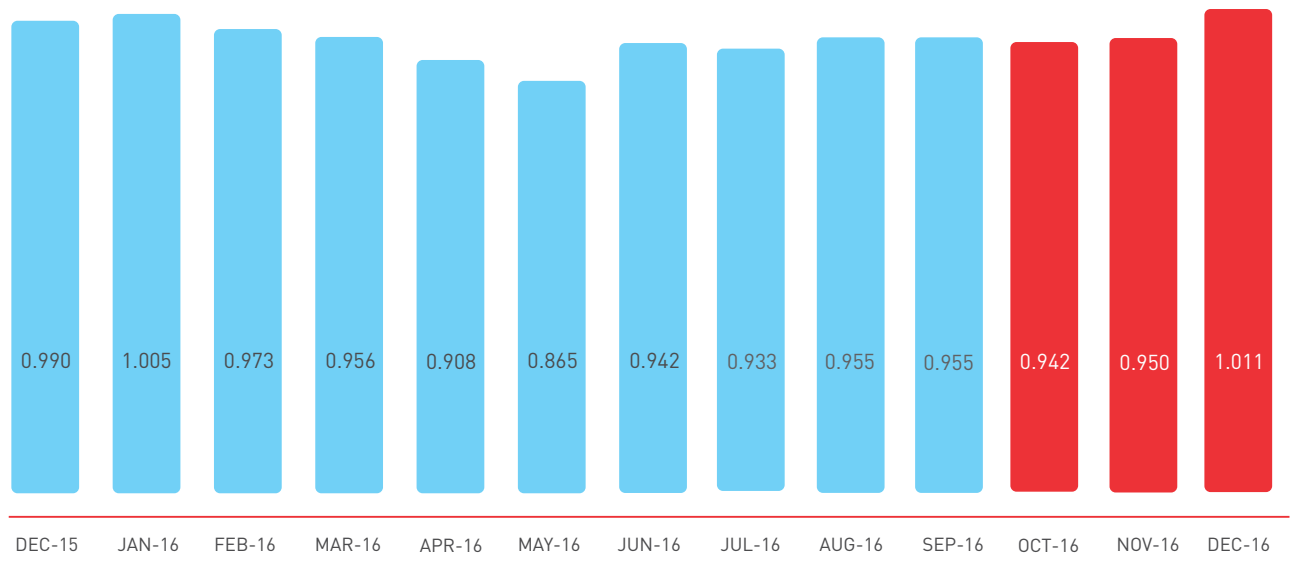
Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AVERAGE MONTH, 2016**

DISTRICT	ASP (USD)	to DEC-15 (%)	ASP (GEL)	to DEC-15 (%)
SABURTALO	906	-2.5%	2 144	-3.8%
GLDANI	556	1.6%	1 315	0.2%
NADZALADEVI	597	-2.5%	1 413	-3.8%
DIDUBE	768	-5.9%	1 818	-7.1%
VAKE	972	-3.7%	2 299	-5.1%
MTATSMINDA	1 033	-0.2%	2 447	-1.5%
CHUGHURETI	776	0.1%	1 838	-1.2%
ISANI	667	-3.3%	1 581	-4.5%
KRTSANISI	806	3.7%	1 910	2.4%
SAMGORI	547	2.4%	1 296	1.1%
TBS	866	-3.8%	2 050	-5.1%

Source: REM lab 2017

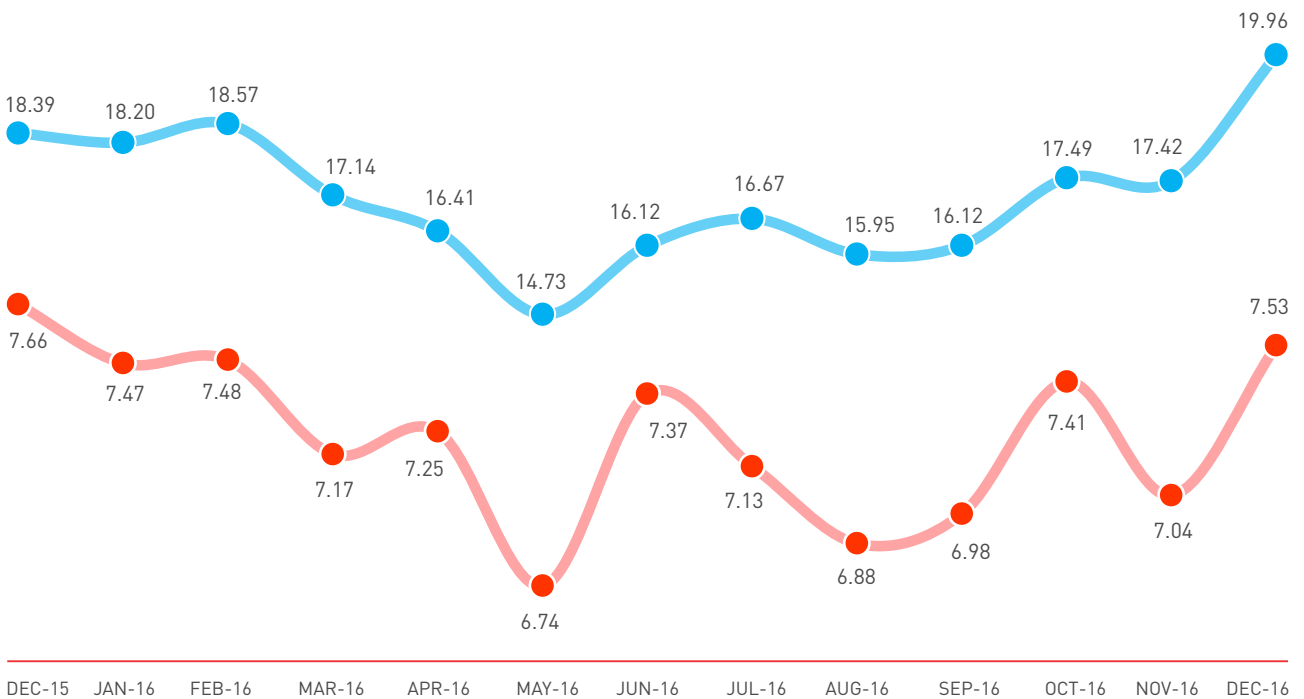
RPI
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016



Source: REM lab 2017

ARP
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016

● GEL
 ● USD



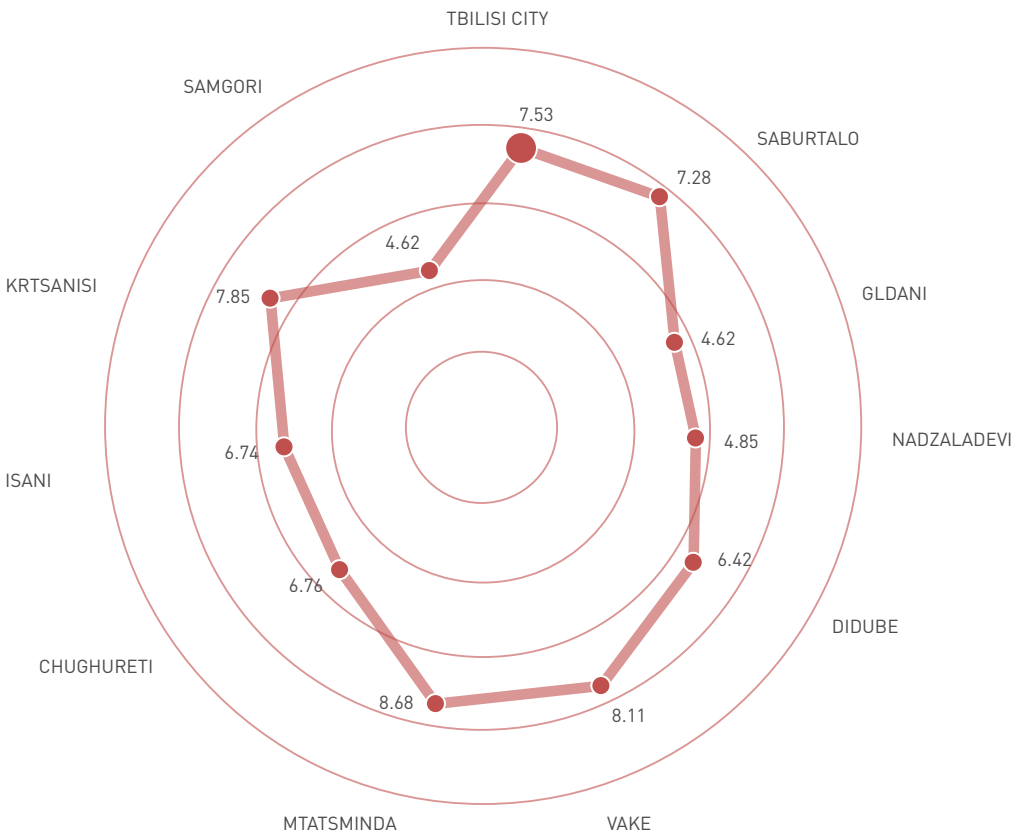
Source: REM lab 2017

**ARP
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016**

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
DEC-15	7.66	-2.7%	-5.4%	18.39	-2.8%	20.4%
JAN-16	7.47	-2.5%	-8.2%	18.20	-1.0%	15.2%
FEB-16	7.48	0.1%	-6.1%	18.57	2.1%	11.7%
MAR-16	7.17	-4.1%	10.8%	17.14	-7.7%	-2.8%
APR-16	7.25	1.0%	-9.2%	16.41	-4.2%	-8.9%
MAY-16	6.74	-7.0%	18.3%	14.73	-10.2%	-23.1%
JUN-16	7.37	9.4%	-7.7%	16.12	9.4%	-10.8%
JUL-16	7.13	-3.2%	-7.7%	16.67	3.4%	-4.4%
AUG-16	6.88	-3.6%	11.2%	15.95	-4.3%	-11.3%
SEP-16	6.98	1.4%	-9.6%	16.12	1.1%	-12.9%
OCT-16	7.41	6.2%	-0.7%	17.49	8.4%	-2.1%
NOV-16	7.04	-5.0%	-10.6%	17.42	-0.4%	-7.9%
DEC-16	7.53	7.0%	-1.8%	19.96	14.6%	8.6%

Source: REM lab 2017

**ARP (USD)
RESIDENTIAL PROPERTY... TBS & DISTRICTS
DECEMBER, 2016**



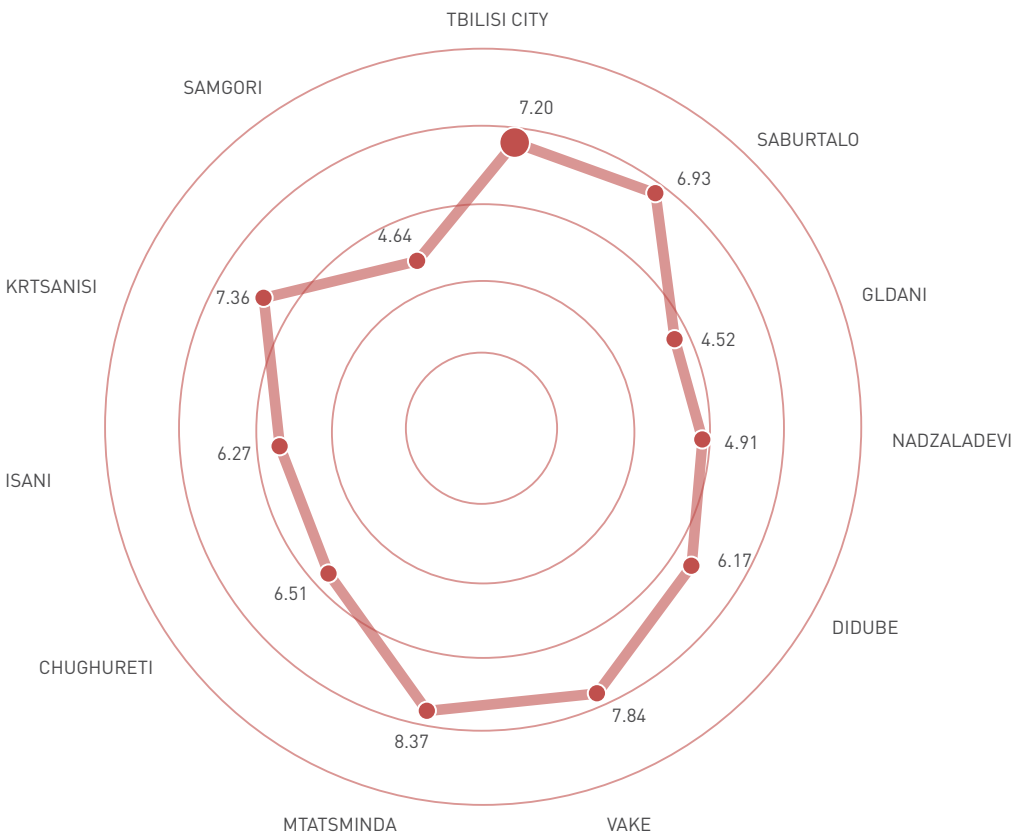
Source: REM lab 2017

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
DECEMBER, 2016**

DISTRICT	ARP (USD)	ARP (GEL)
SABURTALO	7.28	19.29
GLDANI	4.62	12.25
NADZALADEVI	4.85	12.86
DIDUBE	6.42	17.01
VAKE	8.11	21.51
MTATSMINDA	8.68	23.01
CHUGHURETI	6.76	17.92
ISANI	6.74	17.88
KRTSANISI	7.85	20.81
SAMGORI	4.62	12.24
TBS	7.53	19.96

Source: REM lab 2017

**ARP (USD)
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AVERAGE MONTH, 2016**



Source: REM lab 2017

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AVERAGE MONTH, 2016**

DISTRICT	ARP (USD)	to DEC-15 (%)	ARP (GEL)	to DEC-15 (%)
SABURTALO	6.93	-6.9%	16.43	-8.1%
GLDANI	4.52	-3.5%	10.69	-4.9%
NADZALADEVI	4.91	-3.8%	11.60	-5.2%
DIDUBE	6.17	-7.9%	14.62	-9.1%
VAKE	7.84	-5.5%	18.58	-6.7%
MTATSMINDA	8.37	-4.1%	19.81	-5.3%
CHUGHURETI	6.51	-10.7%	15.43	-11.8%
ISANI	6.27	-16.0%	14.84	-17.1%
KRTSANISI	7.36	-9.1%	17.46	-10.2%
SAMGORI	4.64	-16.9%	10.96	-18.2%
TBS	7.20	-6.0%	17.07	-7.2%

Source: REM lab 2017

COMMERCIAL PROPERTY PRICES

HIGHLIGHTS

SPI and RPI for commercial property were characterized by high volatility throughout 2016: 0.741 JUL - 1.087 SEP (SPI) & 0.820 NOV - 1.204 JUN (RPI).

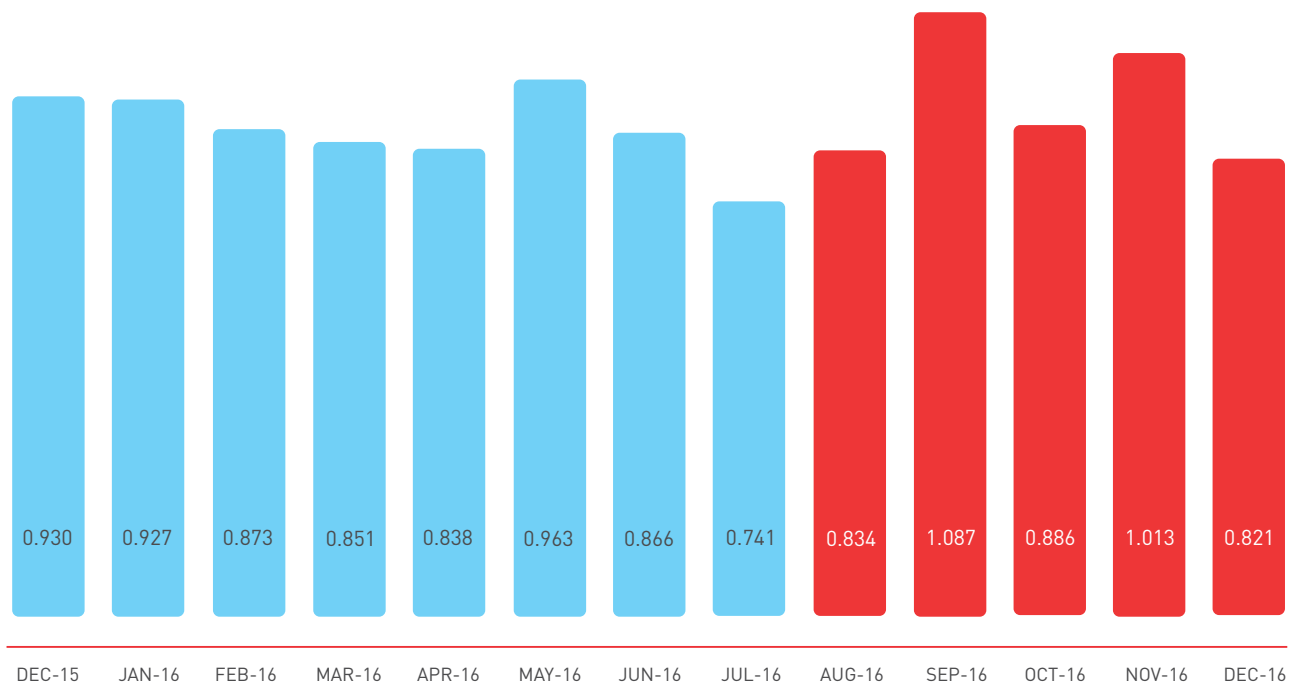
In DEC-16, SPI declined by 11.7% (YoY) and 18.9% (MoM), while RPI rose by 2.1% (MoM) and declined by 12.5% (YoY).

During 2016, ASP varied between 1 014 USD - 1 133 USD per sq.m and ARP - between 9.52 USD - 10.82 USD per sq.m.

In 2016, ASP in TBS stood at USD 1087 (-4.6% to DEC-15) per sq.m and ARP - USD 10.28 (-0.9% to DEC-15).

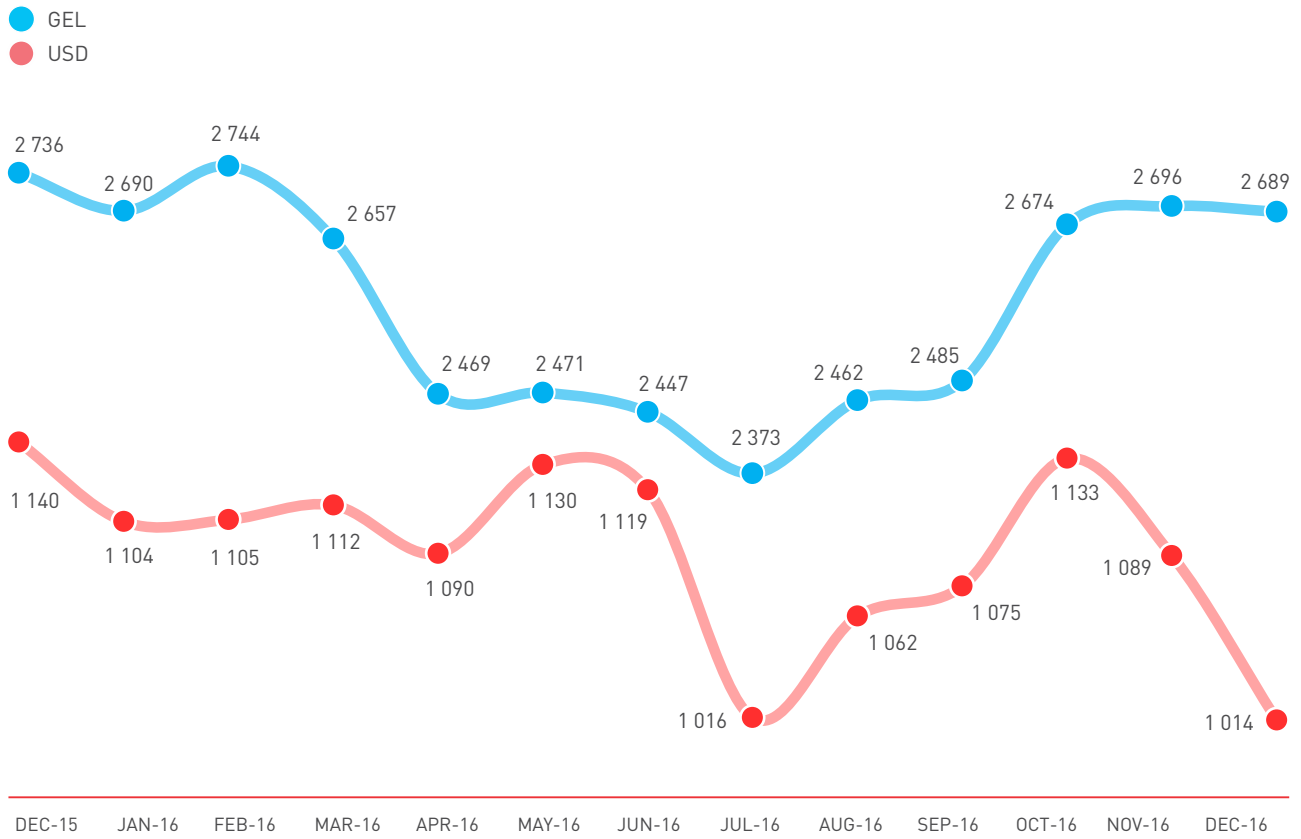
Note: Published data on commercial property prices are preliminary.

SPI
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016



Source: REM lab 2017

**ASP (USD, GEL)
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016**



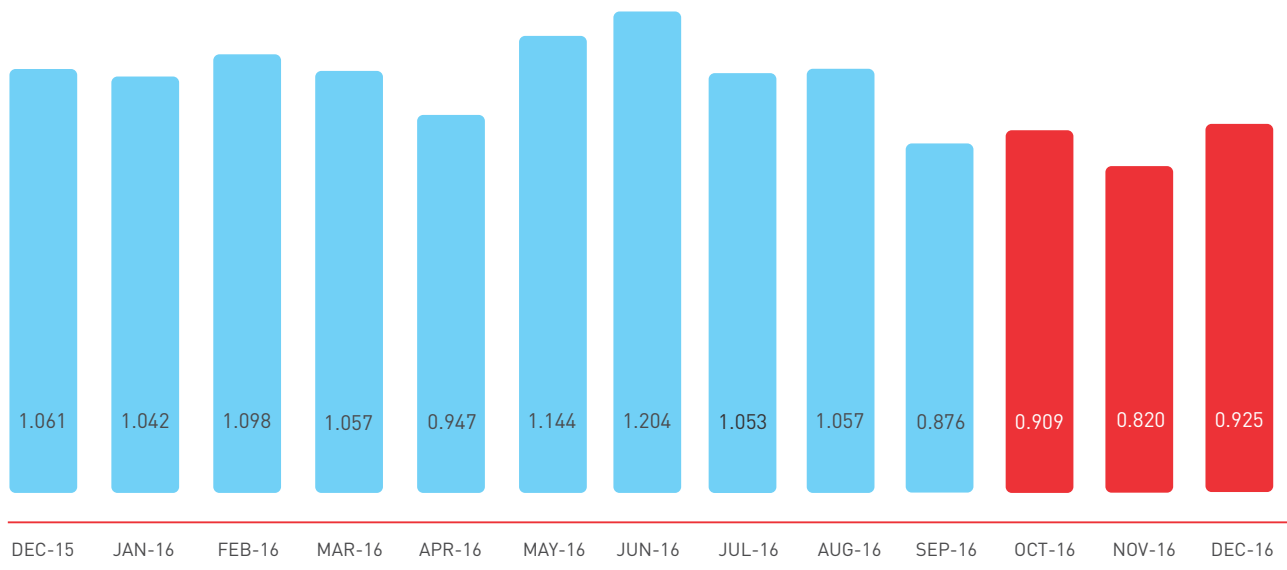
Source: REM lab 2017

**ASP
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
DEC-15	1 140	4.8%	3.6%	2 736	4.7%	31.8%
JAN-16	1 104	-3.2%	3.9%	2 690	-1.7%	30.4%
FEB-16	1 105	0.1%	-3.4%	2 744	2.0%	14.9%
MAR-16	1 112	0.6%	7.7%	2 657	-3.2%	17.4%
APR-16	1 090	-2.0%	6.5%	2 469	-7.1%	6.9%
MAY-16	1 130	3.7%	3.7%	2 471	0.1%	-2.4%
JUN-16	1 119	-1.0%	-3.5%	2 447	-0.9%	-6.7%
JUL-16	1 016	-9.2%	-17.4%	2 373	-3.0%	-14.5%
AUG-16	1 062	4.5%	-8.5%	2 462	3.7%	-8.5%
SEP-16	1 075	1.3%	-3.7%	2 485	1.0%	-7.2%
OCT-16	1 133	5.4%	0.0%	2 674	7.6%	-1.4%
NOV-16	1 089	-3.9%	0.1%	2 696	0.8%	3.2%
DEC-16	1 014	-6.8%	-11.1%	2 689	-0.3%	-1.7%

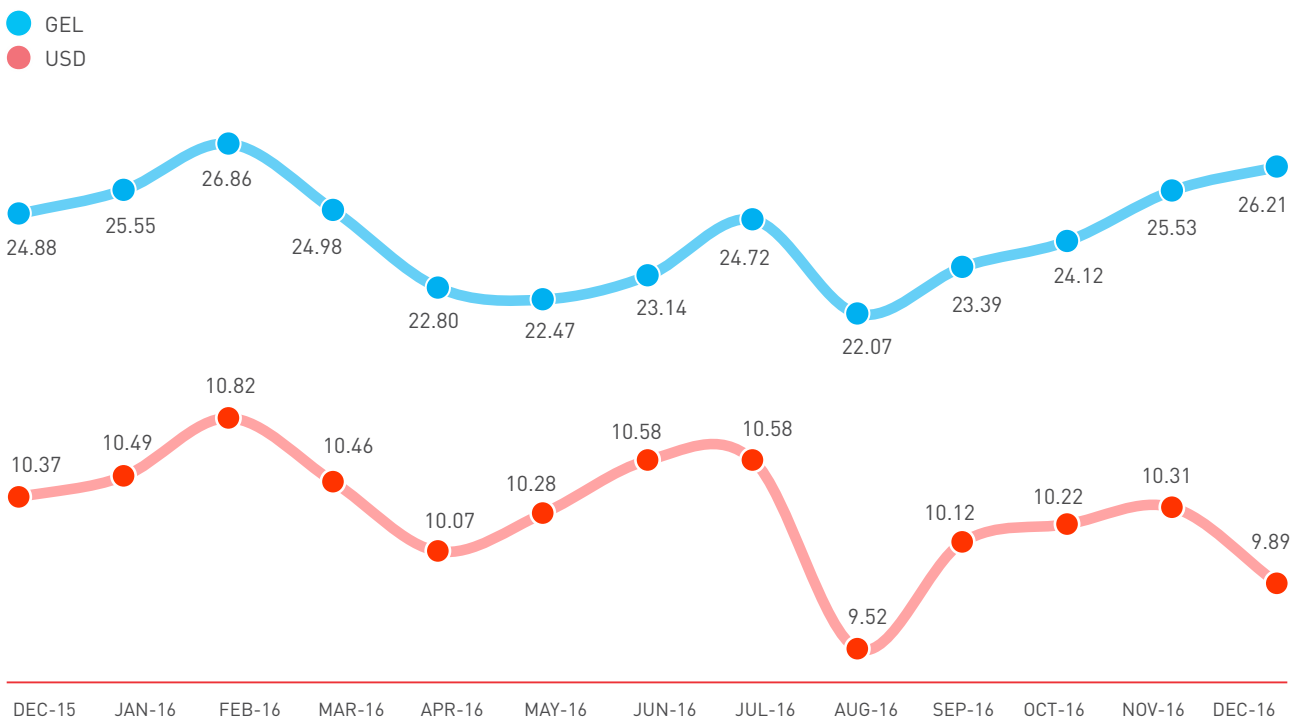
Source: REM lab 2017

RPI
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016



Source: REM lab 2017

ARP
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016



Source: REM lab 2017

ARP
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2015-2016

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
DEC-15	10.37	-7.7%	-6.6%	24.88	-7.8%	18.9%
JAN-16	10.49	1.1%	-4.4%	25.55	2.7%	20.0%
FEB-16	10.82	3.1%	-3.2%	26.86	5.1%	15.2%
MAR-16	10.46	-3.3%	-5.3%	24.98	-7.0%	3.2%
APR-16	10.07	-3.7%	-7.4%	22.80	-8.7%	-7.1%
MAY-16	10.28	2.1%	-6.0%	22.47	-1.4%	-11.5%
JUN-16	10.58	2.9%	-6.7%	23.14	3.0%	-9.8%
JUL-16	10.58	0.0%	-9.9%	24.72	6.8%	-6.7%
AUG-16	9.52	-10.0%	-20.3%	22.07	-10.7%	-20.4%
SEP-16	10.12	6.3%	-15.9%	23.39	6.0%	-19.0%
OCT-16	10.22	1.0%	-9.9%	24.12	3.1%	-11.1%
NOV-16	10.31	0.9%	-8.2%	25.53	5.9%	-5.4%
DEC-16	9.89	-4.2%	-4.7%	26.21	2.6%	5.3%

Source: REM lab 2017